

Struggling Our Next Energy taps consultant to help battery maker raise funds

By Kurt Nagl

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<https://www.crainsdetroit.com/manufacturing/our-next-energy-taps-birch-lake-help-fundraising>

Electric vehicle battery startup Our Next Energy Inc. hired a Chicago-based financial consultant specializing in distressed businesses in its quest to rebound from a failed Series C fundraising round.

The Novi-based battery manufacturer recently tapped Birch Lake Partners, a merchant bank known for its work with struggling startups, two sources with knowledge of the matter told Crain's. The bank was brought on as a financial adviser but not an investor, one of the sources said.

Our Next Energy told Crain's in a statement that its fundraising pursuit "remains a critical part of ... efforts to build an American battery company."

"As part of these efforts, the company has worked with several investment consultants since ONE was founded in 2020," the company said. "These consultants help the company identify the best path forward for securing the necessary support to fully fund our business plan, build a battery cell factory in Michigan and accelerate the country's transition to electrification."

The company declined to comment further on the status of its fundraising.

Progress on that front was derailed at the end of last year when the automotive industry hit the brakes on the EV transition due to dramatically less demand than anticipated. The pullback hit suppliers hard and left ONE imperiled.

After its Series C fell apart with the withdrawal of London-based venture capital firm Just Climate, the startup demoted its founder as CEO and installed a new executive steeped in manufacturing operations and slashed costs. Since the beginning of the year, it has laid off more than 160 employees.

Newly installed CEO Paul Humphries told Crain's in January that ONE secured bridge financing from existing investors to keep it afloat at least through the year as it looks to land firm off-take agreements with OEMs.

Build-out of a planned \$1.6 billion factory in Van Buren Township remains on hold, while a line for commercial vehicle batteries at contract manufacturer Piston Automotive is also shut off.

The startup must raise capital wherever it can find it, said Alex Calderone, a Birmingham-based financial consultant who has expertise in distressed businesses but is not involved with Our Next Energy.

"It is an absolutely brutal environment out there for EV startups and their suppliers," Calderone said. "The only way to survive is to procure more capital, but when you're bleeding money and

Mayor and Council –

Just an FYI on a recent article from Crain's regarding Our Next Energy (ONE), which is located on 12 Mile between West Road and Novi Road.

- Victor

the investment thesis starts becoming less attractive to folks, it's not easy to keep getting people to write checks even if you have tremendously good technology."

Birch Lake "deploys intellectual and financial capital in stressed and transitional businesses," according to its website. Its CEO is Jack Butler, regarded in the finance industry as a bankruptcy and turnaround guru.

Butler did not immediately respond to an email seeking comment.

The bank was a lender to EV startup Faraday Future and helped facilitate a \$100 million debt raise in 2021 as the majority notes purchaser and collateral agent on the secured financing facility, according to a news release from Birch Lake.

Calderone said startups like Our Next Energy need to find investors who believe in the long-term vision even if the payoff has been pushed out.

"What these guys have is intellectual property and probably really solid products," he said. "But they have products that are great that are not supported by the market for EVs right now."